

# WP Advisory

*Insights*



What You Must Communicate  
Following a Merger Announcement

WP Advisory provides best-in-class merger integration (MI) consulting services and related solutions. We are a small team of senior executives with significant industry experience.

### **Focus**

We are merger integration specialists. We've chosen to do one thing and we aspire to do it better than anyone else.

### **Your WP Team**

We are all senior executives with integration experience in our industries. We will curate a team for your integration with people who have done it before.

### **Our Size**

Our boutique size gives you access to our entire team and highly personalized service built on relationships.

# What You Must Communicate Following a Merger Announcement

**Dr. Andrew Yue**

June 2019

**M**erger integration is often accompanied by organizational restructuring and layoffs. It cannot be “business as usual” where management says “nothing is going to change.” People are expecting changes to occur and become paralyzed while they wait to understand how they will be impacted. Productivity drops, until you can address the WIFM (What’s In it For Me) question.

Effective communication is vital and difficult to overdo. Yet communication often breaks down in stressful situations. Uncertainty and major change create anxieties that must be assuaged if morale and performance are not to deteriorate. It is better to be as open as practicable if you want to gain trust. You cannot sugar coat bad news, people will think you are not being sincere.

People interpret communications differently depending on their level within the organization. Messages get lost in translation as they get cascaded throughout. Even more important than what is said, is what is done. Nothing undermines communication more quickly than inconsistent actions by management. Nothing speaks as powerfully as someone who is backing up their words with action. When the entire management team starts behaving differently and embodies the change they want to see, it sends a powerful message to the entire organization. These actions increase motivation, inspire confidence, and decrease cynicism.

---

Uncertainty and major change create anxieties that must be assuaged if morale and performance are not to deteriorate.

## Here are 3 Important Messages to Convey During Integration Planning

### 1. The vision for the new organization

There needs to be a clear and sustained purpose to which people can commit that is understandable and relevant at all levels of the organization. A clear and shared vision of how the organization will look once the merger is complete will:

- Ensure that you begin with the end in mind and drive the merger with a clear view of the end state.
- Keep the organization and customers focused on the benefits and drives the realization of these benefits post-implementation.
- Provide a benchmark against which to assess the new operating model ensuring the design is consistent with the vision.

---

Ensure that you begin with the end in mind and drive the merger with a clear view of the end state.

### 2. The new organization structure

There is nothing more important to the individual than knowing where they belong in the new organization. Fear, uncertainty, and doubt will be pervasive until you can address individual needs.

Caring for casualties, those who will not be part of the future organization, is just as important as those you want to keep as this sets the tone for how people will be treated.

We often see that the top jobs are negotiated and parceled out as part of the deal negotiation, but the vast majority of roles are not determined till after the deal is done. In the meantime, rumor mongering has caused the best people who are also the most mobile to seek employment elsewhere. This is further exacerbated by competitors picking up your best people.

### 3. The culture and values of the new organization

Cultural differences are one of the main reasons mergers fail, and the one thing that organizations often fail to address at the beginning. To manage change successfully you have to address the organization's culture (ways of doing things) as well as the systems and processes.

The implementation of a new structure or systems can only be effective if it is accompanied by appropriate changes in behavior of the people in the organization. While training can impart more skills and knowledge these changes are short lived if not supported by changes in culture.

If, for example, one company has an entrepreneurial culture and the other a more formal top-down decision making approach, forcing one culture on the other is not going to work. You will have to define what you want the culture of the new organization to look like and it is not simply picking the "best of both worlds." Not everyone is going to fit, but it is better to know that at the onset than months down the line. ❖

## About the Author

Andrew is a leader in the firm's merger integration practice and has extensive and diverse experience spanning 25+ years across capital markets, insurance, technology, and aerospace. He is a leading authority on delivering "change" across large scale, international organizations.

His expertise is in business and finance transformation, operating model design, risk management, and process optimization. Andrew has extensive international experience of operating in global organizations, across cultures, and business functions. He has lived and worked in Europe, Asia, and the US.

Previously he held executive positions at AIG, HSBC, Credit Suisse, and Goldman Sachs managing large scale transformations associated with finance re-engineering, business performance improvement, regulatory change, and control enhancements.

Andrew holds a D.Phil from Oxford University, M.Sc/DIC in Control Systems from Imperial College, and a B.Sc in Mathematics from Manchester University.

He is also a Finance Risk Manager (FRM), Certified Change Management Professional (CCMP), Prince 2 project management practitioner, and Black Belt in Lean Six Sigma.

The author can be reached at: [a.yue@wp-advisory.com](mailto:a.yue@wp-advisory.com).

For more information about our services please contact:

WP Advisory  
+1 (866) 200-2550  
[c.wight@wp-advisory.com](mailto:c.wight@wp-advisory.com)  
245 Park Avenue, 39<sup>th</sup> Floor  
New York, NY 10167

For permission to reprint, please contact [info@wp-advisory.com](mailto:info@wp-advisory.com).

Copyright 2019 WP Advisory. All rights reserved.